

FEDERAL RESERVE SYSTEM

Agency Information Collection Activities: Submission for OMB Review; Comment Request

AGENCY: Board of Governors of the Federal Reserve System (“Board”)

ACTION: Notice of information collection to be submitted to OMB for review and approval under the Paperwork Reduction Act of 1995.

SUMMARY: In accordance with the requirements of the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35), the Board, the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC) (collectively, the “agencies”) may not conduct or sponsor, and the respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number.

On June 5, 2006, the Board, under the auspices of the Federal Financial Institutions Examination Council (FFIEC) and on behalf of the agencies, published a notice in the *Federal Register* (71 FR 32347) requesting public comment for 60 days on the revision of the Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002), which is a currently approved information collection. The comment period for this notice expired on August 4, 2006. After receiving one supportive comment letter, the FFIEC and the agencies have made no modifications to the proposal, but are providing transition guidance. The Board hereby gives notice that it plans to submit to OMB on behalf of the agencies a request for approval of the FFIEC 002.

DATES: Comments must be submitted on or before September 21, 2006.

ADDRESSES: Interested parties are invited to submit written comments to the agency listed below. All comments, which should refer to the OMB control number, will be shared among the

agencies. You may submit comments, identified by FFIEC 002 (7100-0032), by any of the following methods:

- Agency Web Site: <http://www.federalreserve.gov>. Follow the instructions for submitting comments on the <http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm>.
- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.
- E-mail: regs.comments@federalreserve.gov. Include the OMB control number in the subject line of the message.
- FAX: 202-452-3819 or 202-452-3102.
- Mail: Jennifer J. Johnson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, N.W., Washington, DC 20551.

All public comments are available from the Board's web site at

www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm as submitted, unless modified for technical reasons. Accordingly, your comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper in Room MP-500 of the Board's Martin Building (20th and C Streets, N.W.) between 9:00 a.m. and 5:00 p.m. on weekdays.

Additionally, commenters should send a copy of their comments to the Desk Officer for the agencies by mail to U.S. Office of Management and Budget, 725 17th Street N.W., #10235, Washington, DC 20503 or by fax to 202-395-6974.

FOR FURTHER INFORMATION CONTACT: Additional information or a copy of the collection may be requested from Michelle Long, Federal Reserve Board Clearance Officer, 202-452-3829, Division of Research and Statistics, Board of Governors of the Federal Reserve

System, 20th and C Streets, N.W., Washington, DC 20551. Telecommunications Device for the Deaf (TDD) users may call 202-263-4869, Board of Governors of the Federal Reserve System, 20th and C Streets, N.W., Washington, DC 20551.

Proposal to request approval from OMB of the revision of the following currently approved collection of information:

Report Title: Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks

Form Number: FFIEC 002

OMB Number: 7100-0032

Frequency of Response: Quarterly

Affected Public: U.S. branches and agencies of foreign banks

Estimated Number of Respondents: 275

Estimated Average Time per Response: 22.75 hours

Estimated Total Annual Burden: 25,025 hours

General Description of Report: This information collection is mandatory: 12 U.S.C. 3105(b)(2), 1817(a)(1) and (3), and 3102(b). Except for select sensitive items, this information collection is not given confidential treatment [5 U.S.C. 552(b)(8)].

Abstract: On a quarterly basis, all U.S. branches and agencies of foreign banks (U.S. branches) are required to file detailed schedules of assets and liabilities in the form of a condition report and a variety of supporting schedules. This information is used to fulfill the supervisory and regulatory requirements of the International Banking Act of 1978. The data are also used to augment the bank credit, loan, and deposit information needed for monetary policy and other public policy purposes. The Federal Reserve System collects and processes this report on behalf of all three agencies.

Current Actions: In response to the June 5, 2006, notice published in the *Federal Register* (71 FR 32347), the agencies received one comment letter from a federal agency describing its use of the data to prepare economic account information and estimates of international transactions. The revisions to the FFIEC 002 have been approved by the FFIEC as originally proposed, but with the addition of transition guidance, and are summarized below. The agencies will implement the changes as of the September 30, 2006, reporting date.

Schedule O – Other Data for Deposit Insurance Assessments

1. Memorandum items 1.a.(1) through 1.b.(2) will be redefined to exclude retirement deposit accounts, which will be reported in four new items 1.c.(1) through 1.d.(2). The deposit insurance limit for retirement deposit accounts increased from \$100,000 to \$250,000 effective April 1, 2006. For further details, see the *Federal Register* notice pertaining to the Consolidated Reports of Condition and Income (Call Report) published on May 8, 2006 (71 FR 26809).

For purposes of reporting in the revised Schedule O Memorandum items, FDIC-insured branches should determine whether they have retirement deposit accounts eligible for the \$250,000 insurance coverage. Such branches may provide reasonable estimates for the information to be reported in the revised Schedule O Memorandum items in their FFIEC 002 for September 30, 2006. If a branch's existing deposit records and systems for these retirement deposit accounts provide insufficient information to allow the branch to make a reasonable estimate, the branch may treat all of these deposit accounts as eligible for the \$100,000 insurance coverage in the September 30 FFIEC 002.

For the FFIEC 002 for December 31, 2006, branches would be expected to have made appropriate systems changes to enable them to report reasonably accurate data on all types of retirement deposit accounts eligible for the \$250,000 insurance coverage. Therefore, branches

would no longer be permitted to elect to treat all retirement deposit accounts as eligible for the \$100,000 insurance coverage in the revised Schedule O Memorandum items in their December 31 FFIEC 002. Thereafter, FDIC-insured branches' deposit records and systems should enable them to report information on all retirement deposit accounts in these Schedule O Memorandum items in accordance with the applicable instructions.

In addition, the agencies are providing guidance concerning the reporting of brokered certificates of deposit issued in \$1,000 amounts under a master certificate of deposit in the revised Schedule O items and in Schedule E of the FFIEC 002. For these so-called "retail brokered deposits," multiple purchases by individual depositors from an individual FDIC-insured branch normally do not exceed the applicable deposit insurance limit (either \$100,000 or \$250,000), but under current deposit insurance rules the deposit broker is not required to provide information routinely on these purchasers and their account ownership capacity to the insured branch issuing the deposits. For purposes of revised Schedule O, Memorandum item 1, multiple accounts of the same depositor should not be aggregated. Therefore, in the absence of information on account ownership capacity for retail brokered certificates of deposit in \$1,000 amounts, which are rebuttably presumed to be fully insured deposits, branches issuing these brokered deposits should include them in Schedule O, Memorandum item 1, as "Deposit accounts of \$100,000 or less." Furthermore, these brokered certificates of deposit in \$1,000 amounts should not be included in Schedule E, Memorandum item 1.a, "Time deposits of 100,000 or more," or Memorandum item 1.c, "Time certificates of deposit of \$100,000 or more with remaining maturity of more than 12 months."

2. The caption for Memorandum item 1 will be footnoted to state that the specific dollar amounts used as the basis for reporting the number and amount of deposit accounts in

Memorandum items 1.a through 1.d reflect the deposit insurance limits in effect on the report date. This footnote will ensure that the dollar amount cited in the caption changes automatically as a function of the deposit insurance limit in effect on the report date. The instructions for this Memorandum item will be similarly clarified. For further details, see the Call Report *Federal Register* notices published on November 8, 2002, and March 4, 2003 (67 FR 68229 and 68 FR 10310, respectively).

3. Memorandum items 2.a and 2.b will be replaced and redefined as Memorandum item 2, “Estimated amount of uninsured deposits in the branch (excluding IBF),” and will be completed only by FDIC-insured branches with \$1 billion or more in total claims on nonrelated parties. For further details, see the Call Report *Federal Register* notices published on October 18, 2001, February 28, 2002, August 23, 2005, and February 17, 2006 (66 FR 52973, 67 FR 9355, 70 FR 49363, and 71 FR 8649, respectively).

Request for Comment

Comments are invited on:

- a. Whether the information collection is necessary for the proper performance of the agencies’ functions, including whether the information has practical utility;
 - b. The accuracy of the agencies’ estimates of the burden of the information collection, including the validity of the methodology and assumptions used;
 - c. Ways to enhance the quality, utility, and clarity of the information to be collected;
 - d. Ways to minimize the burden of the information collection on respondents, including through the use of automated collection techniques or other forms of information technology;
- and

e. Estimates of capital or start up costs and costs of operation, maintenance, and purchase of services to provide information.

Comments submitted in response to this notice will be shared among the agencies. All comments will become a matter of public record. Written comments should address the accuracy of the burden estimates and ways to minimize burden including the use of automated collection techniques or other forms of information technology as well as other relevant aspects of the information collection request.

Board of Governors of the Federal Reserve System, August 16, 2006.

(signed)

Robert deV. Frierson,

Deputy Secretary of the Board